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PRESS BRIEFING  
BY PRESS SECRETARY JAY CARNEY

James S. Brady Press Briefing Room

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MR. CARNEY: Good afternoon, ladies and gentlemen. Thank you for being here. For those of you who follow Amy Brundage on Twitter, you know that I have with me today a special guest, the Chairman of the President's Council of Economic Advisers, Jason Furman. As an early Christmas present, he is going to present to you an overview of the economy in 2013 and discuss some of the early policy issues related to the economy going forward.

So he'll do his presentation. He will take questions related to matters economic from you. If you could hold your questions on other subjects until after Jason is done, I will remain here to take those questions and at least try to answer them. With that, I give you Jason Furman.

MR. FURMAN: Thank you, Jay. So we thought we would use the opportunity of the end of the year to review what's gone on in the economy in the past year and some of the important economic issues. Last year I also had a chance to do an end-of-the-year briefing at 11:00 p.m. on December 31st for many of you in the Roosevelt Room on the fiscal cliff. While it was tempting to wait for two more weeks of economic data to have this discussion, we decided we would jump the gun and declare the end of the year today.

Q We can come back. (Laughter.)

MR. FURMAN: We can come back, too. So what you see overall was an economy that finished -- is finishing 2013 in a stronger place than it began the year. While there's more work to be done to strengthen the economy, create jobs, and lower the unemployment rate, this progress is significant and notable. And with the budget deal, we now have better fiscal conditions for sustainable economic growth into the year 2014.

To go back and review some of those numbers and just take you on a whirlwind tour of the economy, we'll start with jobs, which is the most timely indicator of the state of the economy. And we have been adding over 2 million jobs a year for the past several years. We've added 8.1 million private sector jobs in 45 straight months of private sector job growth. And in the last couple of months, jobs have come in above expectations, subsequently been revised up, and we've been seeing about 200,000 jobs per month.

Turning next to GDP, you have seen each quarter of this year GDP growth was stronger than the last quarter. And you don't want to make too much of any given quarter's data; for example, that 3.6 percent in the third quarter, part of that was inventory buildup, so it wasn't quite as good as that headline number looked. Conversely, in the fourth quarter, the truth will probably be even better than what is shown in the headline number.

If you drill down and look at the sources of that GDP growth, the fastest-growing component of GDP has been housing, which is your next slide. Housing has grown now for 12 straight quarters; it's grown at about 10 to 15 percent per quarter. Housing starts and permits have now broken the 1 million unit barrier, and there's still more potential for growth -- because if you look at the total number of households that are formed each year in the United States, add the number of houses that depreciate, you would think a steady state level is that you need to build 1.6 million homes per year. So we've been rising, but there is still further to go in terms of housing.

Part of what's been going on in the recovery is a cyclical recovery from a financial crisis, which you see in areas like housing. Part of it is a reflection of some deeper structural underlying trends. The first of those trends is what's going on in energy. The United States is now the largest producer of oil and gas of any country in the world. We exceed Russia, we exceed Saudi Arabia. We have seen a steady increase in our domestic production of oil, a steady decrease in our imports.

And now, for the first in a long time, our domestic production is exceeding the amount we import. And we saw EIA projections that they put out earlier this week that they expect for the next many years production to continue to increase in the oil sector.

And then when you combine that with decreased use associated with things like the vehicle role, it further improves the trade balance we have in petroleum, which is part of why our current account deficit or our trade deficit overall is the lowest as a share of GDP that it's been since the 1990s.

The second structural trend that I think is very important in the economy is one that I also think has generally been underappreciated, and that is a slowdown in the growth of the cost of health care. If you look at real per capita national health expenditures, they're now growing at the slowest rate that they have in the last 50 years. A decade ago, it was very common to read in the newspaper that rapidly rising health costs were hurting the competitiveness of American businesses, especially in sectors like manufacturing and other export industries that have more generous benefits. The converse is true today. With those costs growing more slowly, it's helping the competitiveness of America's businesses.

The Council of Economic Advisers did an extensive report on the causes of this slowdown and, in brief, there's a lot of them. The slowdown predates the passage of the Affordable Care Act. Part of it is related to the economy, but there's no doubt that you can directly trace the Affordable Care Act to the continued and accelerated pace of the slowdown in health costs even as the economy has continued to recover.

The next part of the story I wanted to tell is the deficit. As you've heard many times before and you have up on the screen, we've now just gone through the largest postwar deficit reduction over a four-year period, and we've gone over it by a long shot.

Remarkably, 2.7 percent of that 5.7 percent of GDP deficit reduction happened in just the last year. And what makes that so significant is that 2.7 percent of deficit reduction last year was a drag on our economy. The payroll tax cut going away made it harder for consumer spending. The sequester going into effect cost us 750,000 jobs and 0.6 percent off our GDP, according to the Congressional Budget Office. And despite that very rapid deficit reduction, we still managed to see a strengthening in growth over the course of the year.

The good thing is now that we have a budget agreement, we can expect more fiscal stability over the next year and a half. We can expect the deficit to continue to decline in the medium and long run, but much more gradually in the short run, and so we'll have both certainty and fiscal stability for growth.

I last wanted to very briefly turn to what this means for families, and the most important indicator there is what's happening to wages. And here the good story is wage growth, which had been negative, has turned positive and grown by 1.1 percent over the last year. We're still digging out of a very deep hole there and wages haven't come close

to keeping up with productivity over the last several decades, but at least it is moving in the right direction.

The next slide shows that at the same time the other challenge we're faced is -- that was average wages -- when you look at the distribution, you see inequality continue to increase and you saw that continue to increase into 2013. This is a trend that's been with us for decades, one that is not going to turn around overnight, and is a motivation for why the President cares, for example, about raising the minimum wage.

And finally, the last to return to the job market, where we began, the unemployment rate has come down steadily by six-tenths of a percent in the last six months. It's come down for all types of workers, but it's still unacceptably high. And the reason it's unacceptably high is not the short-term unemployed, which is back to the same average it was before the crisis; it's the long-term unemployed, which at 2.6 percent is higher than any long-term unemployment rate we've reported from 1948 through the financial crisis. And that's a reminder of why extending unemployment insurance benefits is so important. They've never been allowed to lapse with an unemployment rate at this level. And that's a reminder of why we continue to need to focus on creating jobs and bringing down the unemployment rate so it can bring it down for that group.

MR. CARNEY: So let's get questions. Nedra.

Q Sticking with the job market, the Fed said yesterday it expects unemployment to fall as low as 6.3 percent next year and 5.8 percent in 2015. And both of those are better than the September forecast. So I'm wondering if that tracks with your expectations and whether you think the new budget that eliminates some of the sequester drag will bring about even better unemployment figures.

MR. FURMAN: I don't have any comment on the Fed in particular. The unemployment over the last six months has surprised us by coming down more quickly than we had expected or than other forecasters had expected. As I said, it came down -- it has come down by an average of one-tenth every month for six straight months. And that was -- people expected something like that to happen over more like a year than a six-month period.

So I think what you see a number of forecasters doing is saying, given what we've seen, maybe we have to revise it going forward and assume it will be lower. Certainly, the budget deal will help. CBO had said the sequester was costing 750,000 jobs. This replaces a substantial amount of the discretionary portion of the sequester, so the converse to that statement would also be true that this budget agreement will help the economy add more jobs than it otherwise would have in 2014.

Q Republicans express fears that the cost of Obamacare will weigh heavily on the economy going into next year. Do you share those concerns?

MR. FURMAN: Absolutely not. I think the opposite is true. I think the Affordable Care Act has been helping the economy and will continue to help the economy. I think it has contributed to the slowdown in the overall growth of health costs, which is good for the competitiveness of American businesses. I think in 2014, when you have the exchange up and running, that that will further help labor markets by, for example, increasing the ability of workers to move from job to job so they don't get locked into one job just because of the health insurance, which improves mobility and increases productivity and entrepreneurship.

And finally, the Affordable Care Act is a key part of deficit reduction, especially over the medium and long term, where it's a much more significant source of deficit reduction over that horizon than the sequester is.

Q Picking up on the comment about chronic unemployment, what do you think are the structural problems behind this extended duration of chronic unemployment? And I know you're in favor of extending unemployment insurance benefits, but that's just to keep people essentially economically afloat. What structurally and from a policy perspective should the White House push and Congress do to change the atmosphere for these folks who have been unemployed for so very long?

MR. FURMAN: Can we get the last picture up again? I don't know if we can. That last picture tells two stories. One is that that red line, the long-term unemployed, is higher than it used to be, and that's I think the biggest short-run economic problem we face. But it also tells a more hopeful story, which is that line is still coming down pretty sharply. So this is not a group that is in a totally different boat than the rest of the economy.

This is a group that is in the same boat as the whole economy. And anything that strengthens the economy and brings the unemployment rate down, as we've seen over the last several years, is also going to bring that long-term unemployment rate down. It's not bringing it down as fast as we'd like it to. So we'd love to see that pace grow faster. Part of that is just the same things you do about any unemployment -- things like the budget agreement we just reached; things like investments in infrastructure which can hire, for example, construction workers who have a disproportionately high unemployment rate.

But you also want to think of some things targeted specifically at the long-term unemployed, including getting at the question of why, according to studies, some companies seem to discriminate against the long-term unemployed when it comes to hiring and what you can do to educate companies about that and institute better practices in their hiring.

Q What about wages? It is up, but that's still a pretty shallow number -- 1.1 percent over 12 months.

MR. FURMAN: I mean, 1.1 is a lot better than what we've been seeing. And it's the typical thing you expect, which is the first thing you see is GDP growth; that started in 2009. The second thing you expect is the unemployment rate to start coming down; that happened in 2010. As labor markets get tighter, that then leads to higher wages, and it took us a couple more years to get to that point. But we have been at that point for the last year, and it's been because nominal wages have risen and because inflation has remained stable and slightly lower.

Q In the Bush years, even when the labor markets were tight, wage growth wasn't as great as it had been in the past. It's been a long-running problem.

MR. FURMAN: Correct. This has been several decades of a major problem that the U.S. economy has been grappling with, and it's related to what the President has called the defining issue of our time, which is inequality. And so you've had the productivity growth, and the question is who is capturing the gains associated with that productivity growth. And our answer to that is everything from a short-run answer -- which is the minimum wage which would help people right away -- to, at the other end of the spectrum, investments in early-childhood education which will help them 10, 20 -- I mean 20, 30 years down the line as they go into the labor force.

MR. CARNEY: Kristen.

Q Thanks. Jason, considering the Fed's action yesterday, is the White House considering any new stimulus in 2014 to pick up the slack if that becomes necessary or if you deem that that becomes necessary?

MR. FURMAN: First of all, I'm certainly not commenting on the Fed. But our plans are the same as what they've been, which is we would like to see, for example, upfront investments in infrastructure. We'd like to see unemployment insurance continued, which is a way to boost purchasing power. But most of the proposals the President has been talking about aren't one-time things; they're things like business tax reform. So in the Recovery Act, we did bonus depreciation, which was a one-time thing to help investment. Now we're about reforming the business tax code permanently. In the Recovery Act, you did upfront investments in infrastructure. Now we're about a long-term reauthorization in infrastructure.

So all those things are just as important today as they were a week ago.

Q If we should start to see interest rates go up, what would the impact be on the economy? Is it strong enough to sustain that at this point, do you think?

MR. FURMAN: I'm certainly not going to comment on that question. But the parts of the economy that we're contributing to, which is on the fiscal side, we do think are in a stronger policy environment going into 2014. And when you look at a sector like housing, ultimately the determinants of that are more demographic than anything else. If each year there's 2 million more people -- some of those people live together so there's more like 1 million more houses -- those people all need houses, they need to buy house; houses also fall apart and depreciate. So ultimately, we do think you need to build 1.6 million, something in that neighborhood, houses a year. And over the course of several years there may be ups and downs, but you'd expect to be moving in that direction.

MR. CARNEY: Cheryl.

Q Thanks. Have you locked down your economic forecast for next year's budget?

MR. FURMAN: Yes. If you look at previous budgets, they always post the date at which they've been locked down, and that date is usually I think in November is what most of those past budgets would tell you the forecasts were done in. But we don't generally release the forecast until around the time of the budget.

MR. CARNEY: That's to answer your follow-up.

Jon.

Q With the economy growing again, what do your projections say? Are you able to talk to us about what your projections say about inflation and interest rates? I mean, we've had this period of low inflation, practically nonexistent interest rates. How long does that last?

MR. FURMAN: Yes, we will have an updated forecast in our next budget. So I don't have a specific numerical answer to you.

Q And on your point about deficits, the biggest deficit reduction over that five-year period, can you also share -- I mean, it's also that these are the biggest deficits we've seen over that period, right? I mean, what is the total amount that we have seen added to the debt during that period and how does that compare to any other similar period?

MR. FURMAN: That's an easy number for me to get and look up for you. I don't have it off the top of my head. But understand --

Q But these deficits are still historically high. I mean, the reduction is high --

MR. FURMAN: Correct.

Q -- is great because we've --

MR. FURMAN: The fiscal policy is countercyclical. It has automatic stabilizers. When the economy weakens, tax revenue goes down and things like unemployment insurance go up. When President Obama walked in the door in the year 2009, the deficit was already projected to be in the neighborhood of 10 percent of GDP. That was largely because of the overall economic conditions. As those economic conditions have improved, that's brought the deficit down. The deficit reduction has exceeded what you would expect just from the improvement in the economy, and that's because we've done things like cut spending; have a tax deal that raised revenue on high-income households; and then health spending in Medicare and Medicaid has come in below expectations in part because of legislation like the Affordable Care Act, in part because of a slowdown that's broader than that.

Q But you're not suggesting the deficit problem is solved, are you, by saying we've had this record deficit reduction? The deficits are still historically high.

MR. FURMAN: The deficit problem we have is a medium- and long-run problem. That problem is a meaningful one. It's one that the President's last budget had a number of proposals on both the entitlement side and the revenue side to address. He spent much of this year working very hard to try to interest Republicans in working together with him on a larger balanced deal that would address both entitlements and revenues -- both of which are a driver of those medium- and long-term deficits.

The fiscal deal we got wasn't everything he would have liked, and it was smaller than what he proposed to do in his budget, but it did help with the medium- and long-run deficit.

The other thing I'd point out is the best measure of the long-run deficit is something economists call the fiscal gap. That's how much you have to raise taxes or cut spending immediately as a share of GDP to stabilize the debt over the next 75 years. CBO's estimate of the fiscal gap is that it's 1.7 percent of GDP, which is the amount you need to



do one of those to stabilize the deficit every 75 years. Our budget is very close to that in terms of its total deficit reduction proposals.

That 1.7 percent of GDP is considerably smaller than the forecast CBO was making for the long-run deficit just a few years ago.

MR. CARNEY: Alexis, then Bill.

Q Jason, going through all the things that you sketched out here today, the situation looks brighter -- whether it's energy, or the budget deal, or health care costs, whatever. Can you just summarize what the CEA looks at as the risk of a drag on the economy going into 2014? What is the thing that most concerns you that could stop this rapid pace of growth?

MR. FURMAN: Two things. One is we care a lot about how these gains translate, and some of the slides I went through show that while wages are growing, it hasn't made up for the past declines in wages, that inequalities continue to rise, and that long-term unemployment is high. So even in any scenario, we are still going to be contending with and trying to overcome those challenges, which are a motivation for the agenda.

If you're asking about risks to GDP growth overall, if I take Congress at their word that they're going to raise the debt limit, if for some reason that isn't what happened, or there was a sustained period of brinksmanship like we saw last time, that certainly would hurt the economy relative to what would otherwise happen.

And our economy has been buffeted from shocks from around the world over the last several years. The eurozone crisis had a very big impact on the United States. Things are strengthening in Europe. They've made a lot of progress in their financial system, so I'm not at all predicting anything anywhere else in the world, but unpredictable things happen in different parts of the world. And we're integrated into the global economy, so we're always going to care about that.

Q Could you also add a comment on the state and local picture going into 2014?

MR. FURMAN: The state and local sector has actually been a positive for overall GDP growth for the last two or three quarters, which was a turnabout from where it had been. And if you look at state and local hiring, that's also in general been adding to job growth. And you're seeing a lot of that in education. So that had been a drag on the economy, that sector, and a drag on employment growth. It's turned into a small positive in the other direction.

We're still well below the number of teachers that you'd expect to have, for example, because of all the layoffs we had in the wake of the recession, but it's at least moving in the right direction.

MR. CARNEY: Bill.

Q We've heard a lot of gloom and doom from the President and others about the sequester. Now, the sequester has been in place for, what, six months or more, and yet you paint a very rosy picture today. So what's the disconnect between how bad the sequester was supposed to be on the economy and the fact we're doing so well?

MR. FURMAN: Well, if you look at the economy for the last two quarters, for example, the growth rate averaged 3.0 percent. If you look at just the private components of GDP and take out government consumption and investment, that grew at 3.7 percent annual rate over that half of the year. So we have a private sector that has been very strong and getting stronger over the course of the year. And the stance of fiscal policy has been to some degree holding that growth back, but not nearly enough to -- not anywhere close to undoing that.

If you look -- as I said, CBO projected that you would lose six-tenths of a percentage point off your growth rate because of the sequester; it's very plausible that all of our growth rates would have been six-tenths of a percentage point higher were it not for the sequester.

Q So you're saying it's not as bad as we thought it was going to be?

MR. FURMAN: I'm saying the private sector has been stronger than most anyone would have projected a year ago.

MR. CARNEY: Mark.

Q Jason, do you worry about the size of the national debt? It's \$17.2 trillion now. It's the size of the entire economy. Does that give you sleepless nights in any way?

MR. FURMAN: I worry about the direction that that debt is going in. And right now that debt as a share of the economy is on a downward track over the medium term. That downward track then reverses and starts to go on an upward track, and that's why the President was trying to pursue a deal that included more entitlement reforms and more tax reform that would raise revenue from high-income households.

But I think what you really care about is are you managing that debt in the way it should -- not where you are today, but what direction you're going, and is that direction sustainable.

Q By direction, do you mean as a size -- compared to the size of the economy?

MR. FURMAN: Yes, the test I would have for fiscal policy is whether over the medium- and long-run your debt is falling as a share of the economy. And that's one we can achieve over the medium term. There's more work to do to get there for the long term.

Q And what happens if interest rates start going up, doesn't that increase the amount of interest on the debt the government has to pay?

MR. FURMAN: If you look at the forecast that both the Congressional Budget Office and the administration have used for the last several years, we've always assumed that interest rates would rise over the 10-year budget window from the unusually low levels that they're at now. So I'm not saying whether they -- it could happen more than we think or less than we think, but we certainly -- the forecast that both us and CBO do, do take into account the expectation that interest rates would rise.

MR. CARNEY: Stephen.

Q Talking about the euro, if it's not the euro, what is the biggest outside threat to the U.S. economy? Are you looking at a slowdown in emerging markets, what's going on in China for instance?

MR. FURMAN: We look at all of that. And all I'm saying is it's a big world, and unexpected things happen in a big world. And I don't have any particular expectation or forecast of something. But that's what you always want to be vigilant about.

Q So aside from the emerging markets, a slowdown there, how does that threaten U.S. growth assumptions?

MR. FURMAN: Again, I'm not saying that there's any reason to predict anything, but you saw -- we are an interdependent economy, and things that happen elsewhere in the world can have a big impact on our economy.

If you look at exports for example, our export growth slowed to almost a halt in the year 2012 as Europe went through its problems. In the last couple quarters, our export growth has picked up substantially, and that's helped our economy. That's partly a function of the things we're doing here domestically to help exports, but a much bigger factor there is what's going on with the rest of the world.

Q You're now concerned about inequality -- I'm wondering if there has been any changes to the labor supply that help or hinder inequality?

MR. FURMAN: What you'd like is to increase the supply of skilled labor. I mean, inequality is associated with something called skill-biased technological change, that there's a lot more demand for skilled people. And that drives their wages up to -- you increase that supply, get more people in education that helps offset that and reduce the total amount of inequality over the long run. There's a lot of things that matter for inequality, but that supply of skilled workers is certainly one of them.

Q When you look at the jobs numbers and the employment picture, the labor force participation rate has been on the decline. And I think it's sort of a longer-term trend, but how much do you worry about that when looking at the labor market?

MR. FURMAN: That's certainly something you want to look at. And the fact that the participation rate was going to decline after around 2008 was something that was predictable and it was also predicted. If you look at the Economic Report of the President that the Council of Economic Advisers put out in 2004 -- and I'm sure most of you remember this passage, but for those of you that don't -- it said that after 2008, you would start to see the participation rate fall.

If you look at CBO forecasts from the middle of the last decade, they were predicting the same thing. And the reason is when a baby boomer reaches retirement age -- and they reached age -- the first of them reached age 62 in 2008, if they retire that means they leave the labor force and the labor force participation rate goes down. That explains a big part -- about half of the decline in the participation rate that we've seen. And you can do pretty mechanical calculations that show that.

The other thing that's gone on is that whenever the unemployment rate is higher than normal, you're going to have some people who are going to stay in school longer, maybe give up looking for a job, decide not to come back into the labor force because they're a little bit nervous about it. That's also helped bring the participation rate down, and that happens when unemployment is elevated. But the converse is true there, that as the unemployment rate comes down, some of those people come back.

But you're going to continue to have the demographic trend. So going forward, demography is going to be making our participation rate go down. A strengthening economy will make our participation rate go up. And you'll end up seeing some net effect of the two of those in the data.

Q Would you have thought that people would have gotten back in already?

MR. FURMAN: Some people -- a study from the Philadelphia Fed found that over, I believe it was the last seven quarters, but it was a time horizon very much like that, 100 percent of the decline in participation was due to demography and zero percent of it was due to the business cycle. So I think you are seeing some reversing on the cyclical side. But the participation rate does have this just very strong -- if you turn 90 and leave your job, the participation rate goes down. And there's more people turning 90 now than 20 years ago.

MR. CARNEY: Jared.

Q Earlier you described the budget deal the President is about to sign as something that's sustaining -- that's going to sustain growth for the economy. And then, you also said that one of the things that you're most concerned about looking forward is the sustained brinksmanship that might happen in Congress. Is aversion to that brinksmanship enough to keep things like unemployment insurance or tax cut loopholes out of the President's budget picture moving forward? Is conciliation on those issues enough to keep that out of the picture?

MR. FURMAN: I don't think that trying to extend unemployment insurance is a source of uncertainty for the economy. We've had 12 -- it's passed 12 times since 2008. Most of those votes have been with strong bipartisan majorities, and there's no reason that that can't happen again.

Q But are the compromises going to become more -- are the compromises going to be more tilted toward conciliation if we're trying to avoid sustained brinksmanship? Are we going to jettison things like the tax cut loopholes, looking for tax cut loopholes to close?

MR. FURMAN: The President still thinks those are an important part of our overall economic strategy. And we're hearing about our deficit over the medium and long run. We're hearing about the importance of making our businesses more competitive through business tax reform; the importance of making sure that 1.3 million people don't lose their unemployment insurance right after Christmas. All of those remain important.

Q But a lot of the things that the President and the CEA have described as important to a balanced approach are not in this current budget deal.

MR. FURMAN: Correct. This budget deal is a subset in effect of the President's overall more comprehensive budget proposal.

Q I know you didn't intend this, but because of you I have the theme song to the Beverly Hillbillies going around in my head. I mean, because our energy picture since 2009 is radically better today than it was when the President first walked into office. In light of that, are you giving him, the Council, any advice as to how we can cash in on our riches? Specifically, the press I'm told misreported this week that the Secretary of Energy said we should revisit bans from the '70s on oil exports. Now, whether or not he said it, it seems to me that would be a great idea of a way to raise money and close that fiscal gap. What are you telling the President to do with this new energy we have?

MR. FURMAN: More broadly, when it comes to energy, as you know, we're pursuing an all-of-the-above strategy. So we're interested in more production, we're interested in more renewables, we're also interested in helping people be more efficient in how they use that energy, and all those different parts of the equation have put us in a better position. We're still a net importer of petroleum, but to a much lesser extent than we used to be, which has helped improve our overall trade balance.

Q Yes, but even the "all of the above" doesn't make sense anymore because of natural gas. We have such a huge supply, maybe a 40 or 50-year supply, that every year the renewables get less and less economically competitive vis-à-vis natural gas. So, I mean, why are we still doing "all of the above"? Why aren't we focusing on natural gas and petroleum?

MR. FURMAN: There's two issues in energy. One is, what are the direct market costs, and then what are the broader costs that energy consumption and use have for climate change in the future, for national security today. And when you factor in all of those broader costs, the switch from coal to natural gas for electricity generation, for example, has been very helpful in terms of carbon emissions. But it's still the case that renewables are even better when it comes to carbon emissions, and that's why a balanced approach that takes advantage of all of these has a role. And even with some of the price changes you just referred to, renewables are still very important when you take into account the total cost of all of these sources of energy.

MR. CARNEY: Okay, last one, all the way back, for Jason.

Q Do you have any analysis on the impact of not extending long-term unemployment benefit? Is this just sort of personal tragedies, or could it affect the overall stickiness of the labor market there that you referred to earlier on, drawing people out of the mainstream?

MR. FURMAN: Right. So we, the Council of Economic Advisers, put out a report two weeks ago on the consequences of not extending unemployment insurance. In terms of the broader macroeconomic consequences, I'll give you the two highlights. First, the purchasing power of people -- just the fact that they wouldn't get the benefits and thus wouldn't be able to spend them -- we think is associated with 240,000 jobs over the next year. CBO has had similar numbers in the past, and forecasters like CBO and J.P. Morgan have put the growth-rate effect at 0.2 to 0.4 percentage point off the growth rate in 2014. That's a macroeconomic perspective on unemployment insurance.

It's also important to look -- in terms of its impact on aggregate demand, it's also important to look at the impact it has on workers and their search behavior. And in that regard, there have been some important studies in recent years that have found one of the biggest effects it has is you can't get unemployment insurance if you're not looking for a job. And when the economy is where it is today, it's great if somebody stays there, keeps trying, keeps working hard trying to find that job. And the unemployment insurance extension encourages people to stay in the labor force, to continue looking for jobs. And as the economy strengthens that will help employ some of those people. So it has a good labor market effect in addition to that aggregate demand effect.

MR. CARNEY: All right, thank you. Thanks for your questions. Jason, we appreciate it. I want to commend everyone for their intense interest in our chief economist. I will stick around for questions on other subjects or continue the conversation on the economy.

Nedra, I'll go back to you.

Q Thanks. How does the White House square the review board's conclusion that the NSA's bulk telephone collection programs did not prevent a terrorist attack with the administration's assertions that they played a key role in preventing it?

MR. CARNEY: I appreciate the question. Let me just begin from a higher altitude to say that, as you know, President Obama met with his Review Group on Intelligence and Communications Technologies yesterday to discuss the report they submitted to the President on Friday, December 13th. Following that meeting, as you know, we made the group's report public. While the administration's internal review is ongoing, and this is only a piece of that review, we will not be in a position to comment on the individual proposals made by the review group.

But broadly speaking, it is our view that the report is thoughtful, comprehensive, and serious work. The President appreciates the extraordinary effort that went into developing the report's 46 recommendations. And beyond the one recommendation we have already made a determination on separately, we are open to all of these ideas. Over the next several weeks, we will study the review group's report and determine which recommendations we should implement.

As we do this, we will be making sure that we are focused on threats to the American people. The President has been clear that even as we review our efforts, we will not -- we will not harm our national security or our ability to face global threats. In January, the President looks forward to speaking to the American people, as well as to the international community to outline the outcomes of our work. With regards to, again, the specific proposals, I'm not going to run through them or comment on them, except to note the one where the decision had already been made in a separate process to maintain the leadership structure that exists at NSA and the Cyber Command.

I will say that on the matters of recommendations to change the program, Section 215, without commenting on a specific recommendation, I'd like to note that we have been clear that we believe this program is an important tool in our effort to disrupt terrorist plots. But we also believe there are steps we can take to give the American people more confidence that there are additional safeguards against abuse.

The President has said that he believes we can take steps to put in place greater oversight, greater transparency, and constraints on the use of this authority. And he directed us to work with the Congress to try to meet those objectives. We have also said publicly that we are open to working with the Congress and others to consider proposals that would house the telephone data related to Section 215 at the providers or elsewhere. Again, that relates to an element of what the review group's report discusses.

But again, I'm not suggesting a yes-or-no answer to any specific proposal, but just reminding you of things that we've said in the past, including that we would consider proposals that would house that metadata, the telephone metadata, at the providers or elsewhere. There are obviously some specific criteria that would need to be met for the program to stay effective under those circumstances, but it's certainly a question we have been studying.

Q But is that an accurate statement that the bulk telephone collection has not stopped a terrorist attack, or do you dispute that?

MR. CARNEY: I would simply say that we believe that it is an important tool. The program is an important tool in our efforts to combat threats against the United States and the American people. I don't have an assessment for every line in the review group's



report, but we do believe that the program is important. We also believe, the President believes that we can maintain the program and its effectiveness in helping us combat threats to the United States while making reforms to it. And that is what he will be considering between now and January as we conclude our overall internal review.

Q Does the White House feel that this report, along with a federal court decision this week, is shifting the debate toward putting some sort of limitations on these programs?

MR. CARNEY: I would say that the overall review, which includes this group that was set up and the PCLOB's efforts, as well as internal efforts that the President is undertaking with his team, reflects a view here that we can and should make changes that are consistent with our need to maintain security for the United States and the American people and our allies to combat the threats that exist, but that allow for us to provide more assurance to the American people that there are safeguards against abuse and that there is oversight in place so that they can have more insight into these programs and why they're necessary and how they're run.

So that's the sort of approach that the President has taken. Again, we are -- with the exception of the one recommendation from the review group that in a separate process has already been decided and acted on, we are open to all the remaining 45. And that is why we will be very deliberate in assessing the substantive and important work that the review group has done, and making decisions about which ones should be acted on and in what way.

And when those decisions are made, the President will speak to them in January.

Steve.

Q Secretary Kerry is saying he regrets the handling of this case involving the Indian diplomat in New York. But the U.S. Attorney in the case is defending what happened. Is there a mixed message here?

MR. CARNEY: I would point you to what I said yesterday. We have an obviously very important and close relationship with India and the Indian government. And the circumstances of the arrest are being reviewed, and I don't have any update on that process. I would point you to the Department of Justice, and in terms of our diplomatic relationships to the State Department.

Q Twenty-six senators on the Hill have introduced legislation to implement new sanctions on Iran if the interim deal is violated. Is this something that you can live with?

MR. CARNEY: Well, let me say that we've been in regular, very direct conversations with members of Congress on this subject, and have made very clear to them that we do not believe now is the time to pass any additional new sanctions through Congress.

With regards to this particular measure, we don't think it will be enacted. We certainly don't think it should be enacted. And the reason why it should not and does not need to be enacted is because if Iran does not comply with its obligations under the Joint Plan of Action, the preliminary agreement, or if Iran fails to reach agreement with the P5-plus-1 on the more comprehensive agreement over the course of six months, we are very confident that we can work with Congress to very quickly pass new, effective sanctions against Iran. And it is our view that it is very important to refrain from taking an action that would potentially disrupt the opportunity here for a diplomatic resolution of this challenge.

And so we don't want to see actions that would proactively undermine American diplomacy, which is what we fear that actions like passing new sanctions -- no matter how they're structured -- would be received, both by our international partners and obviously by Iran.

Jon.

Q Jay, coming back to this NSA program, the President in June said, talking about the metadata collection program, "We've saved lives. We know of at least 50 threats that have been averted because of this information, so lives have been saved." So the question is, does the President still believe that?

MR. CARNEY: The President does still believe and knows that this program is an important piece of the overall efforts that we engage in to combat threats against the lives of American citizens and threats to our overall national security, as well as threats to the lives and security of allies and allied nations, as I mentioned earlier.

I'm not going to parse or respond to every sentence of I believe a 300-plus page report that the review group produced, except to say that with the exception of the one recommendation that's already been acted on in a separate process, all 45 in the President's view and our view merit serious consideration. And the President looks forward to spending time reviewing that report and working with the other elements involved in the overall internal review to reach conclusions about what reforms we can put in place, what changes we can make. And he'll have more to say about that in January once he's made those decisions.

Q But, Jay, I didn't ask you about the report. I'm asking you specifically about what the President said in June when he said that this data collection program has averted --

MR. CARNEY: And I'm saying that, yes, the President believes that this program is part of a broader effort --

Q He wasn't talking about part of a broader. He said, information --

MR. CARNEY: But it is part of a broader, obviously. This is one of the many efforts that we engage in to --

Q But I'm asking if he is standing by what he said --

MR. CARNEY: Yes, he is.

Q So 50 threats have been -- that seems to be in direct contradiction to the report.

MR. CARNEY: I certainly haven't -- well, again, I know, as I've said, and I've asked clearly to be understood that I'm not going to respond to a line-by-line assessment of the report, or make a line-by-line assessment of the report, except to say that the President thinks it's a very important piece of work that he asked for and that he looks forward to reviewing it.

It is absolutely his view and our view that this program contributes to our national security and contributes to combating threats against the lives of American citizens and the lives of allies and allied -- and the security of allied nations. So having said that, as I mentioned earlier, there are areas where we have already talked about potential reforms or changes to the program. And we are open to and want to review all of the recommendations that the review group has made.

Q But you understand what I -- I understand you cannot go line by line --

MR. CARNEY: I'm not sure there's any other way that I can answer the question, Jon. I said that we stand by what we said in the past. We believe it's important to our national security. We are open to reforms to the program. We think it's important that steps are taken to provide more demonstrated assurance to the American people about these programs, and demonstrated assurance that there is additional oversight and protections against abuse. And that's what the President looks forward to addressing in January.

Alexis.

Q Just to follow up on your description of the President's interest in going through the recommendations thoroughly, and the fact that he's going on vacation, can you describe a little bit more or be more transparent about the system or the process that he's set up to actually go through this?

MR. CARNEY: You mean how will he turn the pages when he reads the report? I mean, what do you mean exactly? He'll read the report and assess them and talk -- have, as he has had for quite some time now, conversations with his national security team.

Q Well, what I was interested in is because he wants to give this careful attention, has he assigned Lisa Monaco while he's away to be heading an interagency process to do this? Will he be working with his staff in Hawaii while he's looking over this, among many other issues that he's been thinking about for January?

MR. CARNEY: Sure. Well, the fact is his advisor on counterterrorism is already very much a part of this review, and she has been directly engaged in it, as have other members of his national security team. And the answer is, without a specific tasking to describe, yes, everybody involved in this effort will continue to work on it between now and January when the President has made decisions about how he wants to move forward and will address the American people about those decisions.

So yes, absolutely, that work continues from now through January, and that includes through the next several weeks, both at the presidential level and at the level of principals on the national security team, including Lisa Monaco.

Q One other follow-up. The President also has another review report coming up on election reform. Do you have any updates on where that stands?

MR. CARNEY: I do not. I don't have any updates on that.

Kristen.

Q Jay, thanks. Gary Locke, the current ambassador to China; John Huntsman, former ambassador -- both had strong ties to the country. Why is Senator Max Baucus qualified to serve as ambassador to China, acknowledging that he has worked on trade with China?

MR. CARNEY: Well, I have no personnel announcements to make. I've certainly seen reports, so I would just urge you to wait until we have a personnel announcement to make. I would generally say that Senator Baucus has been directly engaged for more than two decades in work to deepen the relationship between the United States and China, and that includes efforts to level the playing field in our trade relationships as well as efforts to open markets and increase trade, and to bring China into the World Trade Organization, and to establish permanent, normal trade relations with China.

So that just happens to occur to me when it comes to -- (laughter) -- some of the work that Senator Baucus has done in the past.

Q Come on.

MR. CARNEY: No, when we have personnel announcements, we make them. So when we have one, we'll make it.

Q Jay, if the President were to announce that he was appointing Senator Baucus as ambassador to China, to what extent would there be a political calculation in that, given that such an appointment could help to keep his Senate seat in Democratic hands?

MR. CARNEY: Again, I just don't have an announcement to make about a personnel matter that is the President's to make. And when he has one to make, we'll let you know. And I'm sure we'll answer questions about it when it happens, whatever the personnel announcement is -- whether it has to do with an ambassadorship or something else. So I just don't want to get too far down the road. I wanted to generally respond that Senator Baucus has done certainly a substantial amount of work on U.S.-China relations over the past several decades.

Q Does the President see keeping his seat in Democratic hands as critical to Democrats holding onto the Senate?

MR. CARNEY: Again, you're trying to ask this in the context of a rumored personnel announcement. I don't have a confirmation for you on that.

Q Let me just ask you about Syria, Jay. The crisis there seems to be growing worse by the day, particularly for the refugees, the people who have been displaced, the children. Does the administration have a specific plan for helping those people who have been displaced? And I'm not just asking about aid. Do you have a broader plan to help those people?

MR. CARNEY: Well, let me be clear, as I'm sure you know, that the United States is the single largest provider of assistance to the Syrian people, and we will continue to be, and we will continue to work with our partners and allies in the effort to assist in what is a terrible humanitarian situation brought about by the Assad regime's brutal war on its own people. And Assad has a remarkable amount of Syrian blood on his hands. And for that reason, it remains our view that he has no future in Syria. He's a brutal dictator whose actions have led to a conflict that has resulted in over 100,000 deaths as well as the humanitarian situation that you described. He's a dictator whose regime has overseen the gassing of its own people with chemical weapons and a dictator whose forces continue today to drop barrel bombs on innocent civilians in Aleppo and to block international efforts to deliver much-needed humanitarian assistance to millions of beleaguered Syrians.

We continue to press forward on an international effort to meet in Geneva to move a process forward that would result in a transitional government and a negotiated, political resolution to this conflict. There is only one way out of this conflict, and that's through negotiated resolution. And that's why we're pressing so hard on the Geneva II front with our partners and allies.

Q Does the President think, as so many journalists who have reported on the situation there, that the situation is actually getting worse? And if he does, does that then suggest that he needs to think about a new policy towards Syria?

MR. CARNEY: I mean, I think I've described our approach and why we think it's so --

Q Does he think the situation is getting worse?

MR. CARNEY: Well, I think that there's no question that with some of the weather that we've seen, that the specific situation -- humanitarian situation in some areas has gotten worse. And there's no question that as Assad deploys weapons like barrel bombs against his own people, that that situation continues to worsen.

Now, there has been ebbs and flows in that conflict, so I don't know if I have a broader assessment. I can tell you that it remains the case that Assad is brutalizing his own people. And it remains the case that we need to push forward on a process that produces a political resolution to the conflict, a transitional government, and a government in which -- the composition of which the Syrian people must decide and the Syrian people have made clear that Assad cannot be part of.

Voice of America, then Major.

Q Thanks, Jay. I just want to follow up on the Syria question. As we prepare for this conference in January, does that mean the position remains the same that Assad cannot have a role going forward in that transitional --

MR. CARNEY: We have always been clear that it is for the Syrian people to determine which members of the regime they can work with, and the Syrian people have made clear that Assad cannot have a part of the future of Syria, and we share that view.

Q And another follow-up on Iran. The Russian foreign minister said in Poland, where of course the interceptors are supposed to be located under the missile shield, that implementation of the Geneva agreement on Iran will remove the cause for construction of a missile shield in Europe. Do you have a reaction to that comment?

MR. CARNEY: I didn't see that comment. I mean, our position on that has not changed, and an interim agreement is not a comprehensive agreement and it is not a resolution to the international community's concerns about Iran's nuclear weapons program. But I certainly have -- there is no change in our posture with regards to a missile defense program in Europe.

Major.

Q A follow-up on Jon's question. Is it your contention that the five-member panel, though steeped in and experienced in counterintelligence surveillance and other national security issues, simply doesn't know things the President knows about what has been achieved through parts of the surveillance program under his watch?

MR. CARNEY: Major, I simply have no more specific response to a single assertion in the report. And I would say that the President is responsible for the creation of the review board. The President is grateful for the work that the members did individually and collectively. And he takes their work so seriously that we are making clear that every one of the 45 remaining recommendations in that report merit serious consideration. And that is what they will get, as will other recommendations coming from elsewhere.

Q But surely he must appreciate that, yes, it's a 308-page report, but average Americans looking at it and seeing an assertion by a panel of this experienced career-long involvement in national security issues saying they're not certain and they wonder if these programs have successfully prevented any loss of life or thwarted anything and the

President contending, as Jon said, on the record -- not only has it thwarted, but its saved lives -- that he -- I mean, I'm just asking you --

MR. CARNEY: I know you're asking me and Jon asked me, and I don't have any new answers to give you than I gave you five minutes ago.

What I can tell you is the President believes that this program is an important component of our effort to thwart the threats against the United States and the American people. It is also the case that reforms to it and the general signal intelligence collection effort that we engage in are entirely appropriate to consider and implement. And that's what this process is about. Don't forget that the overall review here that involves the review group, it involves PCLOB and other aspects is one that the President pushed for and that the President will have something to say about in January once he has made some decisions about how to move forward on these recommendations, as well as others.

Q You've described that metadata collection and other parts of signals intelligence is one tool. Another thing that was identified in the report that has been a longstanding tool since 9/11 is national -- NSL, National Security Letters, from the FBI. That's part of what they use in many counterterrorism investigations. And that was also subject to some scrutiny by the panel and some very specific reviews, limiting them -- more core supervision, more specific transparency involved with those. Are those recommendations, which sort of cut much more closely to operational, day-to-day sort of boots-on-the-ground FBI counterterrorism investigations, something the administration will take equally as seriously?

MR. CARNEY: Again, without addressing any specific recommendation, I can tell you that all 45 are being given and will be given serious consideration.

Q That's it?

MR. CARNEY: Again, I'm not going to do the work that still needs to be done within the ongoing internal review process and provide determinations on each specific recommendation today, except to say that there is not a single recommendation that in the President's view does not merit serious consideration. And that's what he'll give it.

Ed. Sorry, Major.

Q Let me ask you about what Vladimir Putin said at his year-end press conference today about Edward Snowden, since he took several questions on Edward Snowden. He said, "I've never met him. He has his own views about life, about what he should do and how. I won't hide it that he seems very interesting to me," Putin said of Snowden. "I've



already said that and will say once again in an almost professional language that from the intelligence point of view, we do not work with him and have never worked with him. And we don't bug him with all those questions as to what was being done in relation to Russia or how it was being done at the agency he worked for." Do you believe any of those assertions?

MR. CARNEY: I didn't see the press conference, Major.

Q I just read it to you verbatim.

MR. CARNEY: But not in the original. (Laughter.)

Q If you read it back to me in the original, I'll shut up.

MR. CARNEY: All I can tell you is that our views on Mr. Snowden have not changed. And our views on the damage caused by the disclosure of highly sensitive, classified information have not changed, and that he has been charged with felonies, and he ought to be returned to the United States and face those charges here in the United States where he will be accorded all due process and protections. And that's my only response.

Q I just want to go back to Iran. You say new sanctions could undermine the negotiations on a nuclear deal. It could blow it up. Can you see, though, why Democratic as well as Republican senators are now saying on the Hill these sanctions would not take effect for months? They wouldn't take effect until after talks broke down. So how would that --

MR. CARNEY: Well, our view is there is no need. It is entirely unnecessary to potentially disrupt, or derail entirely, diplomacy if the only purpose is to assert that you'll impose new sanctions later when we are 100 percent confident that if Iran were not to comply with its obligations under the preliminary agreement or were to fail to reach agreement on a comprehensive agreement, that we would be able to work with Congress to enact new sanctions with great dispatch. And for that reason, because we have seen in Congress a very effective partner in the past in building the most effective sanctions regime against Iran in history, we believe it is unnecessary to take action now that is more appropriately reserved for a time when new sanctions might be needed.

Q Except the Democratic Chairman of the Senate Foreign Relations Committee disagrees with what you just said. Bob Menendez gives the President credit for the current sanctions he says brought Iran to the table. But then he goes on to say, "A

credible threat of future sanctions will require Iran to cooperate." How is Democratic Chairman Bob Menendez wrong?

MR. CARNEY: Again, we don't think this action is necessary. We don't think it will be enacted. If it were enacted the President would veto it. The fact of the matter is this is not a debate about being for or against sanctions. There is no President in the history of this conflict with Iran who has been more aggressive in pursuing and enacting and building international consensus around sanctions than Barack Obama.

And he has done that, not to take credit for the construction of a sanctions regime, but in order to test the theory that a comprehensive sanctions regime would compel Iran to change its behavior, would compel Iran to come to the negotiating table and would give us -- the United States and our P5-plus-1 partners, the opportunity to explore whether we can resolve this conflict diplomatically; that we can reach an agreement with Iran that would ensure that Iran gave up its nuclear weapons ambitions in a transparent, verifiable way; and that we would therefore resolve this diplomatically without having to pursue other means.

So, again, this is not -- there is no debate here about -- this is not a dispute about who is for sanctions and who is against sanctions. The President's record on the use of sanctions for the broader purpose here is quite clear. What we firmly believe is that we know that Congress could act quickly if Iran were to fail to comply. I believe Iran knows that, because they have seen Congress act quickly in the past when sanctions were necessary.

We believe that it's important to allow this diplomatic opening to be explored. And the risk of passing new sanctions now is that it would -- doing so would derail the negotiations just when diplomacy is making progress. It would potentially divide the international community, and obviously would suggest bad faith on the part of the United States in its negotiations.

Q On that point, isn't it hypocritical for the administration to say future sanctions by Congress, Democrats and Republicans doing it, could undermine these negotiations? And yet this very week your own Treasury Department came out with not new sanctions, but new enforcement actions that angered Iran. And you have Democrats as well as Republicans saying you've already angered them. That could blow off the talks too.

MR. CARNEY: Well, obviously, you know the very important distinction between enforcement of existing sanctions, on the one hand, and --

Q They're not new sanctions.

MR. CARNEY: Right, enforcement of existing sanctions on the one hand, which we clearly stated in the run-up to and the completion of the preliminary agreement with the P5-plus-1 would continue and were not part of any agreement with Iran in this preliminary stage on the one hand, and the imposition of new sanctions on the other. You're right that there was some reaction to the enforcement of those existing sanctions. But the members of the Iranian leadership also acknowledged that they were not new sanctions, and there was no prohibition in the agreement against the implementation of existing sanctions, which is what was the case here.

And I think that that action makes clear how serious we are about maintaining the existing sanctions structure and continuing to implement the existing sanctions. What we do not believe is necessary and what we believe could be damaging and disruptive to the diplomatic effort here are new sanctions.

Q So very last one on this then. All the cases you just made very passionately, and the President has made -- I understand some of his top aides have been calling Democratic senators, urging them not to do this; you've got some of the top Democrats -- Schumer, Pryor, Landrieu, Casey and Menendez, as I mentioned, Democratic Chairman -- several top Democrats are saying no. What does that say about the President's standing with his own party right now that they're defying him?

MR. CARNEY: I think that there is overwhelming support in the country and in the Congress for a diplomatic resolution to this conflict. It is the far preferable choice that we resolve this challenge with Iran with our international allies diplomatically, peacefully -- even as we leave all options for resolving it on the table, including the use of military force.

It is absolutely his responsibility, the President believes, to fully test whether we can achieve a comprehensive solution through diplomatic means and before he -- and to fully test that proposition before he pursues alternatives. And passing new sanctions legislation now will undermine our efforts to achieve a peaceful resolution and greatly increase the chances that the United States would have to take military action.

Now, let me just back up to where I started: We don't believe this proposal is necessary -- as I think we've made clear, and we have been discussing with members of Congress for quite some time. We don't believe it will be enacted. We certainly know it's not necessary. If it were to pass, the President would veto it.

Q Why don't you believe it's going to be --

MR. CARNEY: Because of -- the case we just made we believe is both accurate and persuasive.

Brianna.

Q Thanks, Jay. We've learned this week Paul Ryan said Republicans will consider what they want in exchange for increasing the debt ceiling. I know the stance of the White House is not to negotiate, but you've seen the last couple of times the debt ceiling has been increased it has been I guess done so not necessarily with a condition, but prompting a process -- whether it was that the Senate would take up -- the Senate would pass a budget, or in this case that the House and the Senate would go to conference on a budget.

So I guess in this case, on the debt ceiling, is the White House open not necessarily to conditions -- although some people would call them that -- but to sort of maybe spurring a process where the debt ceiling --

MR. CARNEY: I don't think there's any objective view of what happened in October that conflicts with our absolute assertion that the President will not negotiate over Congress's right and responsibility to pay its bills.

Q I'm talking about the end deal that was brokered prompting a process. Last winter we saw a process was prompted of the Senate has to pass a budget. The debt ceiling is increased not necessarily contingent if --

MR. CARNEY: Well, there are a variety of ways that Congress can act to fulfill its responsibility, but the President's position has not and will not change. And we've talked a little bit about this, this week.

I understand that some comments have been made this week by some Republicans that seem to suggest they want to threaten default again. I am still of the view that those handful of comments do not yet outweigh the overwhelming number of comments in the wake of the shutdown and the last time they threatened default and all of the negative consequences of that action. And those comments reflected a view in the Republican Party, including among its leaders in Congress, that they would not pursue that course again. So we're hopeful that the former statements outweigh the current ones, and we will see what happens.

We certainly will not change our position. And it boggles the mind to think that when we've seen just in the last several months what the consequences of that kind of brinksmanship are in the shutdown and the threat of default in October, versus the effects

and consequences of bipartisan cooperation in the budget agreement that was reached by Senator Murray and Congressman Ryan.

So on the one hand, you can take action that does harm to the economy and harm to the middle class in pursuit of some ideological objective that might help you in your primary, or you can take action as Congress did -- and Republicans and Democrats deserve credit for this -- that actually contributes to economic growth and job creation.

Q I mean, that budget deal that you hail wouldn't have been possible without the Senate putting out a budget, which was in a way a condition of increasing the debt ceiling last --

MR. CARNEY: Well, no, no, no, that's not true.

Q It pushed -- it's not a condition. I get what you're saying. The debt ceiling would have been increased whether or not they put a budget through, but it spurred a process. So are you open to something --

MR. CARNEY: Well, if you're saying -- well, I think what you're saying -- I mean, a way to say that is that when the decision by Republicans to -- with some excitement to shut down the government and threaten default turned out to be a disaster for them and not a "winning strategy," to quote Republican leaders, they were then compelled in the aftermath of that to instead approach this in a spirit of compromise and bipartisanship. And that produced the agreement that we saw.

Q What I'm trying to see if there is that -- is there in a way some sort of exchange where they get something but it doesn't --

MR. CARNEY: Again, you're asking me to negotiate, and I'm not -- the President is not, I'm certainly not. I really don't believe that the Republican Party would -- and I think there's ample evidence that they won't want to go down that road again. I certainly hope that's the case for the sake of the economy and the middle class.

Q The New Mexico Supreme Court has ruled that the state may not deny same-sex couples the freedom to marry, becoming I believe the 17th state to do that. Do you have a reaction to that?

MR. CARNEY: Not official reaction. I would say that we welcome that ruling, and this is another example of the extraordinary progress that's been made when it comes to equal rights for LGBT Americans in this country.

Jared.

Q On Iran, you said that the administration has been having direct conversations with lawmakers. Has the President been talking to Senators Menendez and Schumer and Cardin --

MR. CARNEY: The President has certainly been involved in the effort. I don't have -- and then that means in discussions with members of Congress. I don't have a specific conversation or meeting to read out.

Q Is this the first time he I guess potentially would -- I realize this is a hypothetical - - veto a bill that's been co-sponsored by Democrats?

MR. CARNEY: I would have to look at the history. We've certainly -- it's not far from the first time where we've said that if a bill were to pass, we would veto it -- the President would veto it. But I don't know the answer to that question.

Mark.

Q Jay, even with the 13 pardons announced today, President Obama has granted far fewer pardons than nearly all of his predecessors over the last half century. Can you tell us what his criteria for granting pardons are and how he would answer those critics who say he's been stingy with pardons?

MR. CARNEY: I would simply say that all of these cases are handled in the ordinary process through the Justice Department. The Justice Department makes recommendations to the President.

Cases are handled in the ordinary process through the Justice Department. The Justice Department makes recommendations to the President. I, as you've seen, can confirm stories that today before the briefing, that as part of his ongoing effort to ensure federal law is enforced fairly, effectively, and efficiently, President Obama commuted the sentences of eight individuals who are serving unduly harsh sentences issued under an outdated sentencing regime. He additionally made a number of pardons today as well.

Q What are his criteria for granting pardons?

MR. CARNEY: Again, I think he reviews the recommendations made by the Department of Justice, and that process is undertaken through regular order.

Q Are the recommendations of the pardon attorney?

MR. CARNEY: We have more for you on this. I believe that's the case. The President, again, reviews the recommendations of the Department of Justice, the pardon attorney, under the leadership of the Attorney General.

Andrei.

Q President Putin said today that he envies President Obama, his ability to basically get away with anything, including the stuff that's been revealed by Mr. Snowden that was under contest. What's your response to that?

MR. CARNEY: Well, I don't think that's the original either, Andrei. I don't think that's what he said. (Laughter.)

Q Maybe it was in a half-joking manner, but it's serious.

MR. CARNEY: Regrettably, I did not see President Putin's press conference and I don't have a comment specifically. When it comes to Edward Snowden, I think I'd make clear again what our view is. And when it comes to the ongoing review into our signals intelligence collection, I've spoken to that I think pretty thoroughly today. So since those comments that you cited back to me have to do with those issues, I just don't have anything new to say.

Q Does the President envy President Putin -- his ability to say publicly whatever he wants?

MR. CARNEY: I think the President believes that what's remarkable about this country is that anybody can say what he or she wants about the government and about -- and to peacefully protest without retribution, consequence. And, for example, to protest or highlight corruption in government, that's something that democratic societies treasure and we certainly do here.

Q But when we read in the press that the President complains privately to his aides that he not always can say what he wants publicly, that's incorrect, right?

MR. CARNEY: Well, I would say I wouldn't believe everything you read in the press. But the President, as you've seen many times when he speaks to the press, takes

questions from the press, speaks very freely about his policy views and his opinions on matters of the day and of the future, and he enjoys that very much.

Q Jay, when is the President going to sign the budget bill?

MR. CARNEY: I don't have an answer to that. There's a process that has to take place, but obviously he looks forward to signing it, and we'll let you know.

Q Will it be before he leaves?

MR. CARNEY: I just don't know the answer to that.

Q Press conference tomorrow?

MR. CARNEY: I have no updates on the President's schedule. See you later.

END

3:25 P.M. EST